

Personal Budget

You just graduated from college and were recently hired as a chemical engineer. Your starting salary is \$48,000. You are excited about your new career and salary, but realize that you need to budget your money.

You are going to plan your budget for two months. Listed below is an example of a budget for someone with a similar income that you found on-line. You know that you cannot change the amount that you pay for taxes, housing, car payment, car insurance, medical insurance or your student loan because those are fixed expenses. You do, however, see some flexibility with the other expenses.

Plan your budget using the example budget as a guide. You may add additional expenses in the blank spaces, but your total expenditures for the month cannot exceed \$4,000.

| EXPENDITURE | EXAMPLE | MONTH 1 | MONTH 2 |
|---|----------------|----------------|----------------|
| TAXES | \$1,400 | \$1,400 | \$1,400 |
| HOUSING (includes utilities, cable, Internet) | \$850 | \$850 | \$850 |
| FOOD (groceries & eating out) | \$600 | | |
| CLOTHES | \$175 | | |
| CAR PAYMENT | \$250 | \$250 | 2350 |
| GASOLINE/OIL CHANGE | \$175 | | |
| CAR INSURANCE | \$75 | \$75 | \$75 |
| CAR REPAIRS | \$20 | | |
| MEDICAL INSURANCE (co-pays) | \$70 | \$70 | \$70 |
| ENTERTAINMENT (movies, going out, etc.) | \$150 | | |
| NEWSPAPERS, BOOKS, MAGAZINES | \$25 | | |
| SAVINGS | \$25 | | |
| STUDENT LOAN PAYMENT | \$135 | \$135 | \$135 |
| MISCELLANEOUS (haircuts, toiletries, etc.) | \$50 | | |
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| TOTAL | \$4,000 | \$4,000 | \$4,000 |

1. Did you make any changes in your budget from month to month? Why?

2. What tradeoffs did you make?